



## Hawkins Cookers Limited

Hawkins Cookers has reported fantastic performance for Q4 FY 2009. Net Sales rose by 25.2% to Rs. 75.42 crore (Rs. 60.24 crore). OPM% jumped up to 14.5% (10.4%) mainly because of sharp reduction in other expenses to 28.9% (32.4%) of sales. Further aided by substantially higher other income (incl. operating) of Rs. 67 lakh (Rs. 25 lakh), PBT zoomed to Rs. 10.66 crore (Rs. 5.62 crore). Slightly lower tax rate of 34.5% (36.2%) led to doubling of PAT to Rs. 6.98 crore (Rs. 3.59 crore).

For FY 2009, Net Sales increased by 18.3% to Rs. 241.48 crore. OPM% improved commendably to 12.1% (9.7%). 69.2% higher other income of Rs. 1.89 crore and extra ordinary income of Rs. 2.26 crore (nil) being surplus on disposal of immovable property and lower tax rate of 33.7% (36.8%) lifted PAT up by 78.6% to Rs. 20.12 crore (Rs. 11.26 crore)

Company's main products are pressure cookers and kitchenware products. It operates in branded segment and is among the largest manufacturers of kitchenware in India. Its 'Futura' brand of non-stick kitchenware has higher margins and is growing at 20-25% per annum. Even in its bread-and butter pressure cooker segment, sales volume is growing at 10-13 % on y-o-y basis.

Continuing vitality of HCL's brands - Hawkins, Futura and Miss Mary - and economic growth and growth of aspirations in India offer company best opportunity. Also, fast developing modern retail segment in India offers new opportunities for increasing turnover. Thus, future outlook for business is excellent and company is well-positioned to take advantage of growth in demand & to increase its sales & profits handsomely.

While growing demand would be driving topline growth, softening of raw material (main being aluminium – accounting for 2/3<sup>rd</sup> of production cost) would improve profitability going ahead. Thus company is set for excellent growth.

At CMP of Rs. 210/-, the share (Rs. 10/- paid up) is trading at 6 times FY 2009 EPS of Rs. 35.21 and 4.77 times FY 2010 expected EPS of Rs. 44/-. Company has declared dividend of Rs. 20/- per share. At CMP dividend yield works out to be 9.5%. In view of decent future prospects, we recommend to "BUY" the share at CMP.

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